Applied Financial Economics Letters ›

Volume 3, 2007 - Issue 4

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Investment information content in Bollinger Bands?

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Pages 263-267 | Published online: 23 Jul 2007

Cite this article https://doi.org/10.1080/17446540701206576

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Abstract

This article tests the profitability of Bollinger Bands (BB) technical indicators. It is found that, after adjusting for transaction costs, the BB are consistently unable to earn profits in excess of the buy-and-hold trading strategy. However, the profitability is improved using a contrarian's approach.

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Notes

[1] To further investigate the robustness issues, the BB trading rules were tested on a longer period (15 to 20 years of daily observations) and on eight major Asian–Pacific

equity markets. The results were found to be similar to the findings presented in this article and can be available upon request.

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